

**REPORT UNDER  
SECTION 111 OF THE SECURITIES ACT (BRITISH COLUMBIA)  
SECTION 141 OF THE SECURITIES ACT (ALBERTA)  
SECTION 110 OF THE SECURITIES ACT, 1988 (SASKATCHEWAN)  
SECTION 101 OF THE SECURITIES ACT (ONTARIO)  
SECTION 147.11 OF THE SECURITIES ACT (QUEBEC)  
NATIONAL INSTRUMENT 62-103**

**(1) Name and address of the offeror**

RAB Special Situations L.P. (“**Special Situations**”), a Delaware Limited Partnership located at 1 Adam Street, London, UK with a registered address at 30 Old Rudnick Lane, Dover, Delaware, United States.

**(2) Designation and number or principal amount of securities and the offeror’s security-holding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances**

On October 19, 2004, Special Situations entered into a Subscription Agreement with Sargold Resource Corporation (the “**Company**”) where it subscribed for a total of 4,000,000 units of the Company (the “**Units**”), at a price of Cdn.\$0.30 per Unit (the “**Private Placement**”). Each Unit consists of one common share (a “**Share**”) and one share purchase warrant (each whole warrant being a “**Warrant**”) of the Company. Each Warrant entitles Special Situations to purchase one Share for a period of 24 months after closing at a price of Cdn.\$0.36 per Share.

Special Situations has ownership of and control over the securities purchased in the Private Placement. The purchased securities represent approximately 20% of the issued and outstanding Shares on a partially diluted basis (assuming exercise of its Warrants) (“**Partially Diluted Basis**”).

**(3) Designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to obligation to file the news release**

Immediately after the Private Placement described in (2), Special Situations owned 5,666,666 Shares and 4,833,333 Warrants representing approximately 26% of the issued and outstanding Shares on a Partially Diluted Basis.

**(4) Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph (3) over which**

- (i) **the offeror, either alone or together with any joint actors, has ownership and control**

Special Situations and its joint actors, if any, have ownership of and control over, assuming exercise of the Warrants, 10,819,999 Shares representing approximately 27% of the issued and outstanding Shares on a Partially Diluted Basis.

- (ii) **the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor**

Not applicable.

- (iii) **the offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership**

Not applicable.

- (5) **Name of the market in which the transaction or occurrence that gave rise to the news release took place**

The transaction took place off the market by way of private placement and closed on October 19, 2004.

- (6) **Purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer**

Special Situations purchased Units for investment purposes only and not with the purpose of influencing the control or direction of the Company. Special Situations together with joint actors, if any, may, subject to market conditions, make additional investments in or dispositions of securities of the Company in the future, including additional purchases of Shares. Special Situations and its with joint actors, if any, do not, however, intend to acquire 20% of any class of the outstanding voting or equity securities of the Company.

- (7) **General nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities**

The certificate representing the Warrants purchased by Special Situations contains a restriction that will only permit the Warrants to be exercised if the holder, together with any person or company acting jointly or in concert with the

holder, will in the aggregate beneficially own, or exercise control or direction over that number of voting securities of the Company which is less than 20% of the total issued and outstanding voting securities of the Company, immediately after giving effect to such exercise.

**(8) Names of any joint actors in connection with the disclosure required by this report**

Mr. William Philip S. Richards may be considered to be a joint actor with Special Situations as a result of his position as a director of RAB Partners Limited (“**RAB Partners**”), a Cayman corporation, and RAB Capital plc (“**Capital**”). RAB Partners is the general partner of Special Situations and is a wholly-owned subsidiary of Capital.

The filing of this report, however, is not an admission that Mr. Richards is a joint actor with Special Situations.

**(9) In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the offeror**

As part of the Private Placement, Special Situations acquired 4,000,000 Units at a price of Cdn.\$0.30 per Unit.

**(10) If applicable, a description of any change in any material fact set out in a previous report by entity under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer’s securities.**

Not applicable.

**DATED** at London, United Kingdom this 22<sup>nd</sup> day of October 2004.

**RAB SPECIAL SITUATIONS L.P.**

By:

(signed) “William Philip S. Richards”

Name: William Philip S. Richards

Title: Director of RAB Partners

Limited, General Partner